



Dubai on March 4, 2018

### Corporate Governance Report of 2017



Since being established in 1959 by virtue of an Amiri Decree issued by the late His Highness Sheikh Rashid bin Saeed Al Maktoum (Ex-Ruler of Dubai), Dubai Refreshment (P.J.S.C) has been operating according to system of values that emphasizes high business ethics, and professional integrity. These values have allowed the Company to prosper in the field of bottling and distribution of carbonated and non-Carbonated Soft Drinks.



#### 1. Statement on the procedures taken for completion of the Corporate Governance system of companies for the year of 2017 and determining methods of their application

In execution of the Resolution of the Chairman of Board of SCA No. (7/R.M) of 2016 regarding the standards of institutional discipline and governance of public shareholding companies, Dubai Refreshment took the following procedures:

- Amendment of the Company's Statute so as to comply with governance regulations;
- Appointing independent members at the Board of Directors thus the Board includes a percentage of one third of independent members and the other majority of the members are non-executive;
- Appointing Audit Committee by the Board of Directors;
- Appointing Nominations and Bonuses Committee by the Board of Directors;
- Appointing internal audit management and compliance officer by the Board of Directors;
- Appointing Investors Relations Officer;
- Periodic update of electronic databases on the Company's website for the purpose of providing ultimate levels of transparency required for insuring safe work environment for investors and shareholders to update them on the latest developments of the Company;
- Periodic disclosure of the financial statements of the Company, Board meetings, and General Assembly, in addition to adhering and complying with regulating rules in this field.

In addition, the Company continues to review its internal systems in order to review and update them in compliance with rules and regulations of the aforementioned Resolution and other circulars issued by Securities and Commodities Authority on the proper rules of governance.

#### 2. Board Members' transactions in the Company's securities during 2017

##### A) Policy of Work:

Dubai Refreshment has a work policy governing the Board Members' transactions in the Company's securities, where the Company's Articles of Association has been amended to limit the shareholding rate of the GCC nationals not to exceed a ratio of 49% and shareholding rate of the UAE nationals of not less than a ratio of 51% of the Company's share capital. Individuals of non-GCC and non-UAE nationals are not allowed to own any shares in the Company's capital.

The Board Members who have transactions relating to the shares issued by Dubai Refreshment are disclosing their transactions on an annual basis and such disclosure is made in accordance with the model prepared for this purpose containing the nature of transaction, whether sale or purchase of shares, also in addition to the date of transaction, number of shares and the price. In respect of the independent Board Members who do not have any transactions relating to the shares issued by the Company, they signed an acknowledgment stating the absence of any transactions on the shares issued by the Company. During 2017, no transactions were made on the shares of the Company by any of the Board Members or their spouses or children. Employees are not entitled to receive any benefits or grants from other parties other than these provided by the Company, in order to prevent any influence on the independence and objectivity of the employees.





### 3. Formation of the Company's Board of Directors:

#### A) Formation of the Board of Directors as per their categories, information, experiences, qualifications and their term of membership in the Board:

The Board consists of seven (7) members having an experience in the field of the Company's business, accounting, and entire related financial issues, banking transactions and Business Administration as well as they have necessary experience to make prudent and wise resolutions.

The Board of Directors consists of non-executive and independent members taking into account the appropriate balance between the members upon the formation of the Board, so that at least one third of the members are independent members.

Name	Position	Type of Membership	Experiences	Qualifications	Period served as a Board Member as of the first date of election
Mr./ Ahmad Bin Eisa AlSerkal	Chairman	Non-Executive /Independent	General Trade/ Real Estate	Bachelor of Administrative Sciences and Business Administration	16
Mr. /Ali Bin Humaid Al Owais	Vice Chairman	Non-Executive /Independent	General Maintenance/ Real Estate Management	Bachelor of Business Administration	10
Mr./ Ibrahim Abdulrazzak Ustadi	Board Member	Non-Executive /Independent	Business Administration Financial Auditor	Accounting Diploma	14
Mr. / Mohamed Hadi Ahmed Abdulla Al Hussaini	Board Member	Non-Executive /Independent	Banking/ Business Administration	Master in International Business Administration	8
Mr. / Mohamed Abdulaziz Al Owais	Board Member	Non-Executive /Independent	Financial Analysis/ Business Administration	Bachelor of communications Engineering/ Financial Analyst	7
Dr./ Ayoub Mohamed Amin Kazim	Board Member	Non-Executive /Independent	Business Administration/ Energy Sector	PhD in Mechanical Engineering	4
Mr./ Abdulla Mohamed Rashid Al-Huraiz	Board Member	Non-Executive /Independent	Accounting/ Business Administration	Bachelor of Accounting	4

As for the membership of the Board Members in other Public Joint Stock companies or in other important supervisory and governmental or commercial bodies positions are as follow:

Name	Membership at any other Joint Stock Company	Positions at in crucial supervisory and governmental or commercial bodies
Mr./ Ahmad Bin Eisa AlSerkal	• Dubai Insurance Company – Board Member	NONE
Mr. /Ali Bin Humaid Al Owais	• United Foods Company - Chairman. • Emirates NBD- Board Member. • Emirates Islamic Bank- Board Member. • Dar Al Takaful - Board Member.	NONE
Mr./ Ibrahim Abdulrazzak Ustadi	NONE	NONE

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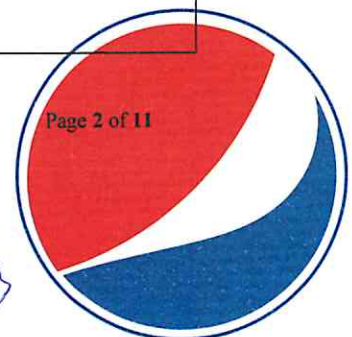
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Mr. / Mohamed Hadi Ahmed Abdulla Al Hussaini	<ul style="list-style-type: none"> <li>Emirates Integrated Telecommunications Company PJSC – Chairman of the Board</li> <li>Emaar Malls Group – Chairman of the Board</li> <li>Emirates NBD- Board Member.</li> <li>Emirates Islamic Bank- Board Member.</li> </ul>	Board Member at Dubai Real Estate Institution
Mr. / Mohamed Abdulaziz Al Owais	<ul style="list-style-type: none"> <li>United Foods Company – Board Member</li> </ul>	NONE
Dr./ Ayoub Mohamed Amin Kazim	NONE	NONE
Mr./ Abdulla Mohamed Rashid Al-Huraiz	<ul style="list-style-type: none"> <li>Dubai Insurance Company (PJSC) – Board Member</li> </ul>	Deputy General Manager of Financial Supervisory Circuit



As per the applicable laws and regulations, the CEO shall - in collaboration with the executive management team - execute his tasks as per the applicable principles and the assignment and authorization of the Board while being responsible before the Board regarding the implementation of the Company's policies and plans as approved by the Board.

The current Board of Directors was incontestably elected at the General Assembly of 2017, knowing that the number of candidates was equal to the number of members of the Board, which did not include any woman/member. The bylaws and the policies of the Company do not allow any bias or discrimination between men and women. There are no restrictions to prevent the nomination of women to any position either administrative or professional, or leading posts or even membership of the Board of Directors in compliance with the national and international standards. In addition to the aforementioned, the Company and its Board of Directors do not interfere in the process of nominating or electing any Board Member by any means, and that is the exclusive right of the shareholders to elect whoever they wish to.

#### B) Statement of Remunerations

- Total remunerations of the Board Member reimbursed for year of 2016: 4,200,000 AED.
- Total remunerations of the Board Members proposed for year of 2017 and that will be presented at the General Assembly meeting for approval: 4,200,000 AED.
- Allowances of attending the meetings of the committees related to the Board and received by its members for the financial year of 2017:

Allowances fixed for Board Members in consideration for attending the meetings of the committees emanating from the Board equal a sum of 10, 000 AED per each meeting.

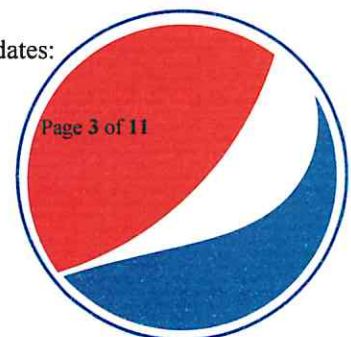
#	Name	Allowances of attendance of committees' session related to the council		
		Name of Committee	Value of Allowance	Number of meetings
1.	Mr. / Ibrahim Abdulrazzak Ustadi	Nominations and Bonuses	10,000	1
2.	Dr./ Ayoub Mohamed Amin Kazim	Nominations and Bonuses	10,000	1
3.	Mr. / Mohamed Hadi Ahmed Abdulla Al Hussaini	Nominations and Bonuses	10,000	1
4.	Mr. / Mohamed Hadi Ahmed Abdulla Al Hussaini	Audit	40,000	4
5.	Mr. / Mohamed Abdulaziz Al Owais	Audit	40,000	4
6.	Mr./ Abdulla Mohamed Rashid Al-Huraiz	Audit	40,000	4

#### C) Meetings of the Board of Directors:

Board of Directors of Dubai Refreshment held 6 times within the year of 2017 on the below dates:

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Names	13/2/2017	23/3/2017	5/4/2017	25/5/2017	24/9/2017	11/12/2017
Mr./ Ahmad Bin Eisa AlSerkal	✓	✓	✓	✓	✓	✓
Mr. /Ali Bin Humaid Al Owais	✓	✓		✓	✓	✓
Mr./ Ibrahim Abdulrazzak Ustadi	✓	✓	✓	✓	✓	✓
Mr. / Mohamed Hadi Ahmed Abdulla Al Hussaini	✓	✓	✓	✓	✓	✓
Mr. / Mohamed Abdulaziz Al Owais	✓	✓	✓			✓
Dr./ Ayoub Mohamed Amin Kazim	✓	✓		✓	✓	✓
Mr./ Abdulla Mohamed Rashid Al-Huraiz	✓	✓	✓	✓	✓	✓



**D) Tasks and powers authorized by the Board of Directors to the executive management:**

The Board of Directors has exercised its powers and authorities in managing the Company by monitoring the Company's performance through the periodic Board meetings. During 2017, the Board has not delegated any of its powers and authorities.

**E) Statement indicating the details of the transactions made between the concerned parties (Stakeholders)**

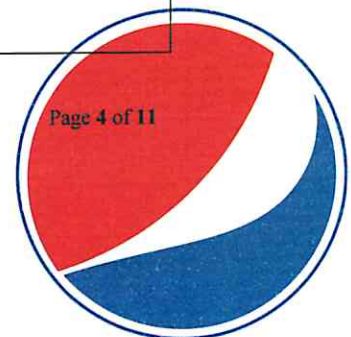
During 2017, there were no transactions made with the stakeholders as per the definitions and conditions stated in the SCA's regulations.

**F) Company's Organizational Structure**

The Company is managed, both administratively and professionally, by the CEO and the executive team as per the instructions of and targets determined by the chairman of Board of Directors. The vice Presidents, and head of departments exercise their business at the instructions of the CEO and the Board of Directors, as per the attached regulating structure (Attachment no.1).

**G) Detailed statement including the names of the senior CEO of the Company their appointment dates, total values of their salaries adding to the bonuses paid in the year of 2017:**

Positon	Date of Appointment	Total of Salaries & Allowances paid in 2017 (in AED)	Total of Bonuses paid in 2017 (in AED)	Any in -kid/Cash Bonuses in 2017 or to be due in the future
CEO	1/8/2008	1,681,572	1,574,000	
Vice President - CFO	3/1/2016	1,199,510	226,800	
Vice President – Supply Chain and Projects	1/11/2001	971,113	165,600	
Vice President - COO	1/7/2012	1,141,999	384,000	
Director of Facilities & Administrative and Government Relations Department	10/12/2012	645,729	77,633	



Director of Legal Department & Company Secretary	8/10/2013	505,524	68,647	
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It is worth mentioning that no additional cash or in-kind sums are to be due in the future in the year of 2017 as entire sums were paid for the mentioned employees.

#### 4. Fees of the external auditor:

The General Assembly of Dubai Refreshment has appointed Ernest & Young Co. to be the external auditor of the Company as per recommendations of the Board of Directors for the purpose of performing financial auditing tasks, verifying the existence of all of the financial documents, auditing the payments, expenses, and revenues in addition to verifying the compliance of work performed by the financial administration if the Company with applicable laws and the international accounting standards. The General Assembly specified the fees of the auditor in the amount of AED 250,400.



Name of Audit Office	Ernst & Young
Number of years spent as an external auditor for the Company	7 years
Total fees of audit of the financial statements for year of 2017 in AED	250,400
Fees and expenses of the other special services other than audit of the financial statements	No other services provided
Details and nature of the other presented services	No other services provided

Ernest & Young Co. has 21,0000 employee distributed in 155 countries who are committed to perform their duties according to the highest values and quality. Moreover, the Company covers the countries of the Middle East and North Africa and provides its services in this region since 1923. Ernest & Young is operating in the UAE since 1966 and it became one of the most influential professional accounting services companies in this region.

in 2017, the Company has not relied on the services of any other third party for external auditing services.

#### 5. Audit Committee

Dubai Refreshment's Board of Directors has formed an audit committee and assigned three members for performing the tasks of the committee.

Name	Post	Type of membership
Mr./ Abdulla Mohamed Rashid Al-Huraiz	President of Committee	Non-executive /independent
Mr. / Mohamed Hadi Ahmed Abdulla Al Hussaini	Member	Non-executive /independent
Mr. / Mohamed Abdulaziz Al Owais	Member	Non-executive /independent

The main tasks of the Audit Committee are mainly as follow:

- reviewing the Company's financial control and risk management system,
- implementing the framework of appointing the external auditor reporting to the Board of Directors,
- following-up and control of the independence of the external auditor and extent of its objectivity,

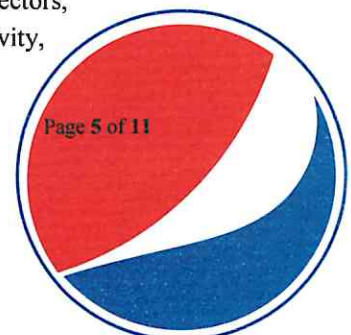
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- controlling the validity of the Company's financial statements and preliminary and annual reports,
- reviewing compliance with the disclosure requirements of Dubai Financial Market and the Securities and Commodities Authority,
- discussing the systems of internal control with the Management and ensuring that they perform their duties in establishing effective system for internal control.

The Committee assists the Board of Directors as well in performing its regulatory responsibilities in order to ensure the integrity of the financial results and the independence and qualifications of the independent external auditor. The Committee has the authority to access any of the Company's departments and its records and property in order to perform its responsibilities in addition to all authorities and powers according to the Resolution of the Chairman of Board of SCA No. 7/R.M of 2016.

#### Details of the meetings held by Audit Committee in 2017:

Names	2/2/2017	7/5/2017	8/8/2017	8/11/2017
Mr./ Abdulla Mohamed Rashid Al-Huraiz	✓	✓	✓	✓
Mr. / Mohamed Hadi Ahmed Abdulla Al Hussaini	✓	✓		✓
Mr. / Mohamed Abdulaziz Al Owais	✓	✓	✓	✓

#### 6. Nomination and Bonuses Committee:

The Board of Directors of Dubai Refreshment has formed a Nomination and Bonuses Committee

Name	Post	Type of membership
Mr./ Ibrahim Abdulrazzak Ustadi	President of Committee	Non-executive /independent
Mr. / Mohamed Hadi Ahmed Abdulla Al Hussaini	Member	Non-executive /independent
Dr./ Ayoub Mohamed Amin Kazim	Member	Non-executive /independent

#### Details of the meetings of the Nomination and Bonuses Committee:

Names	2/2/2017
Mr./ Ibrahim Abdulrazzak Ustadi	✓
Mr. / Mohamed Hadi Ahmed Abdulla Al Hussaini	✓
Dr./ Ayoub Mohamed Amin Kazim	✓

#### The main tasks of the Nomination and Bonuses Committee are represented in the following:

- Verifying the independence of the independent members on regular and continuous basis.
- Preparing and reviewing the policies of remunerations, benefits, incentives and salaries of the Company's Board of Directors and employees on an annual basis;
- Ensuring that the remunerations and benefits granted to the Senior Executive Management of the Company are reasonable and consistent with the performance of the Company;
- Identifying the needs of the Company from the competencies at the level of the Senior Executive Management and employees and the basis of their selection;

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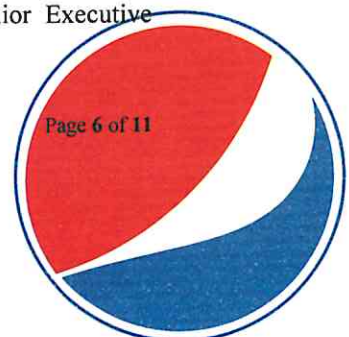
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- Preparing and controlling the implementation of the policy of human resources and training and reviewing the same on an annual basis;
- Organizing and following up the procedures of nomination for the membership of the Board of Directors in accordance with the laws and regulations in force.



**7. Committee for follow-up and supervision of insiders' trading:**

The Company is currently forming the follow-up and Supervision Committee to supervise and oversee the insiders' trading as per the rule imposed by virtue of the decree of the chairman of Securities and Commodities Authority passed under no. (7/R.M/2016), and will inform the financial markets upon its completion; The Company is finalizing the internal policies and procedures of this committee to be reviewed and approved by the Board of Directors.



**8. Internal Control System:**

A) The Board of Directors of Dubai Refreshment acknowledges its responsibility for setting the Company's internal control system, in addition to assuming the responsibility of its review and effectiveness.



B) The main tasks of the Company's Internal Control are the management of risks in the Company, and applying the governance rules accurately for ensuring the compatibility with laws, rules, and requirements of Dubai Financial Market and the Securities and Commodities Authority.

C) Both of Mr. / Naseer Noman and Rafi Sethia, both chairman and Member of the Company's Internal Control Committee, have resigned from the Company in July, 2017; Thus, the Company shall appoint one or more than one substitute or assign one of the Company's employees to occupy this position upon the discussion and the approval of the Board of Director at the earliest.



D) Mr. Karem Mahmoud has been appointed Compliance Officer by the Board of Directors On October 8, 2013. The appointed Compliance Officer is a practicing lawyer admitted at the Bar Association in Beirut, Lebanon.



E) During 2017, the Internal Control Department did not ascertain or verify any significant problems in the Company as the daily work, the administrative and practical measures are taken by the Company in compliance with all of the applicable laws and regulations which led to a well-controlled environment.



**9. Violations committed within the financial year of 2017, illustration of their reasons, ways of future prevention and control:**

The company has complied with the applicable rules and regulations related to the financial markets and disclosures requirements, in addition to other applicable laws, hence the company has registered no significant violations during 2017.

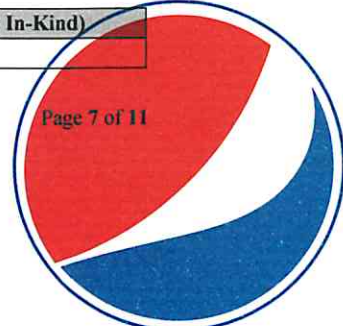


**10. Contributions of the Company in 2017:**

During 2017, the Company exercised its social duties and obligations towards the local communities in Dubai and the northern Emirates by contributing to several activities on various levels including humanitarian, social, and environmental activities. This support comes in line with the Company's belief for the necessity to contribute to improve local and expatriates' communities and to increase their capabilities. Below are some of the activities the Company has organized or contributed to in 2017:



Activity	Type of Contribution (Cash or In-Kind)
Sponsoring Ramadan Dubai Council Activity -Dubai World Trade Centre	20,000 AED



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	65 Cases of Carbonated Soft Drinks
Sponsoring Activity of "Beit El-Khair" Activity in the Holy Month of Ramadan	50 Cases of Carbonated Soft Drinks 50 Cases of Aquafina water
Sponsoring Emirates Autism Activity	10,000 AED
Sponsoring Cricket Activity	30 Cases of Carbonated Soft Drinks
Sponsoring "We are the beats of life" Activity -Dubai Sports Council	150 Cases of Aquafina water
Sponsoring Horizon School Charitable Activity	15 Cases of Carbonated Soft Drinks 35 Cases of Aquafina water
Sponsoring Down syndrome Activity (Kids First Clinic)	33 Cases of Aquafina water
Sponsoring Dubai Central Charitable Labs	15 Cases of Carbonated Soft Drinks 15 Cases of Aquafina water
Sponsoring Sharjah Fasting Charitable Activity	150 Cases of Aquafina water
Sponsoring "Positive Spirit" Activity -Dubai Sports Council	190 Cases of Aquafina water
Sponsoring Knowledge Development Activity -Dubai Municipality	50 Cases Carbonated Soft Drinks 75 Cases of Aquafina water
Sponsoring Dubai Ambulance Activity	50 Cases of Aquafina water
Sponsoring Workers of Dubai Investment Park	75 Cases of Aquafina water
	20, 000 AED
Sponsoring Alnoor Family for Handicapped Activity	80 Cases Carbonated Soft Drinks 100 Cases of Aquafina water
Sponsoring E-Catholic Church Charitable Activity – Cancer walkathon	125 Cases of Carbonated Soft Drinks



## 11. General Information

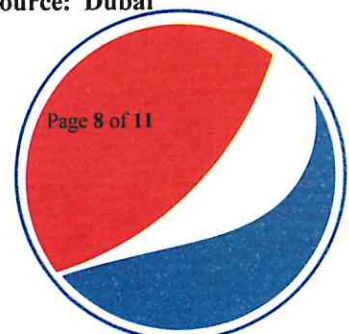
### A) Statement indicating the rate of the Company's share (closing rate, Higher and Low rates) within the financial year of 2017 (Source: Dubai Financial Market)

Month	Month High	Month Low	Month Close
Jan 2017	20.900	18.850	18.850
Feb 2017	No Trading	No Trading	18.850
Mar 2017	18.850	18.850	18.850
Apr 2017	17.000	17.000	17.000
May 2017	18.000	17.000	18.000
Jun 2017	No Trading	No Trading	18.000
Jul 2017	17.950	17.350	17.350
Aug 2017	17.350	14.100	14.100
Sep 2017	16.100	16.050	16.100
Oct 2017	16.100	15.750	16.100
Nov 2017	No Trading	No Trading	16.100
Dec 2017	14.550	14.500	14.500

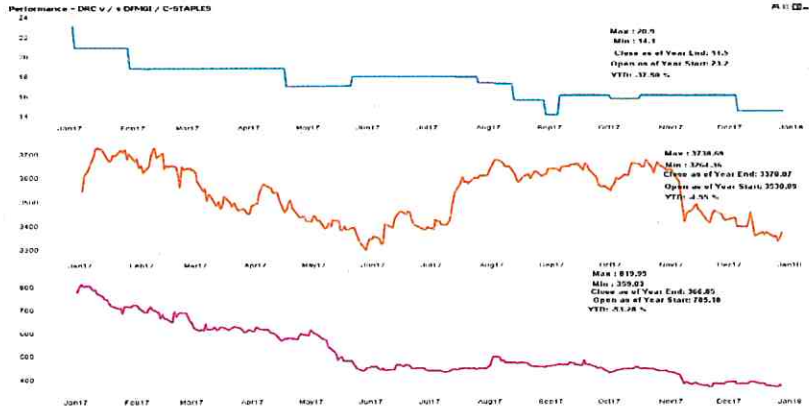
### B) Statement indicating the comparative performance of the Company's shares with the general market index and the index of the sector to which the Company affiliates (Source: Dubai Financial Market)

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C) Statement of shares ownership as on December 28, 2017 (Last trading day the year) (Individuals – Companies – governments) classified as follows: Local, Gulf, Arab, Foreign (Source: Dubai Financial Market)

Symbol	Type	Description	Nationality of the shareholder	Owned Quantity 28/12/2017	Number of shareholders 28/12/2017	Total quantity of shares per symbol on 28/12/2017	Percentage of shares property out of the total shares of the Company	Price 28/12/2017	Value of Property
DRC	B	Bank	UAE	1,695,964	1	90,000,000	1.8844	14.500	24,591,478.000
DRC	C	Company	Gulf	157,414	4	90,000,000	0.1749	14.500	2,282,503.000
DRC	C	Company	UAE	20,213,426	15	90,000,000	22.4594	14.500	293,094,677.000
DRC	I	Individual	Gulf	1,847,052	5	90,000,000	2.0523	14.500	26,782,254.000
DRC	I	Individual	Others	2,283	5	90,000,000	0.0025	14.500	33,103.500
DRC	I	Individual	UAE	61,875,861	121	90,000,000	68.7510	14.500	897,199,984.500
DRC	N	Sole Institution	UAE	4,208,000	1	90,000,000	4.6756	14.500	61,016,000.000

Classification of the Shareholder	Percentage of the possessed shares			
	Individuals	Companies	Governmental	Total
Local	68,7510	29,0194	0	97,7704
Arab	0,1749	2,0523	0	2,2272
Foreign	0,0025	0	0	0,0025
Total	68,9284	31,0717	0	100,001

D) Statement indicating the shareholders who own 5% or more of the Company's capital (Source: Dubai Financial Market):

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Name	Number of shares owned 28/12/2017	Percentage of shares owned out of the company's capital
Ahmed bin Rashed Al-Maktoom	17,999,550	19.9995
Mohamed & Obaid Al Mulla	8,963,550	9.9595
Jomaa Al Majid Abdullah Muhairi	4,785,500	5.3172



E) Statement of share ownership categorized by volumes of shares as of December 28, 2017 (Last trading day the year) (Source: Dubai Financial Market)

Category	Number of Shareholders	Quantity of possessed shares	Percentage of Property out of the capital
Between 50, 0000 & 500, 0000	66	44219744	49.13%
Between 500, 0000 & 5, 000, 0000	25	11806864	13.12%
More than 5, 000, 0000	3	574943	0.64%
Less than 50, 000	58	33398449	37.11%
Total	152	90000000	100.00%



F) Regarding the Investors relations, The Company has complied with the requirements of the Securities and Commodities Authority, and assigned the Director of Legal to occupy the position of Investors relations Affairs, and any investor can contact him or the company on [karem.mahmoud@pepsidrc.ae](mailto:karem.mahmoud@pepsidrc.ae) or on [investor@pepsidrc.ae](mailto:investor@pepsidrc.ae). Furthermore, the Company has added a section on its website for the investors relations affairs, which contains all related information necessary for the investors, where they can visit the company's website or visit the investors relation's webpage directly through the following link <http://www.pepsidrc.com/investors/index.htm>.



G) The General Assembly held its meeting for year of 2017 on March 23, 2017 at the Head office of the Company located at Dubai Investment Park 2, Dubai, and the below resolutions were passed:

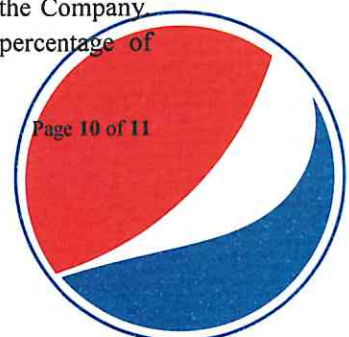
1. Review and approve the report of the Board of Directors on the Company's activities and its financial positions for the financial year ended on December 31, 2016.
2. Review and approve the auditors' report for the financial year terminating on December 31, 2016.
3. Discuss and approve the Company's budget and its profit and loss account for the financial year terminating on December 31, 2016.
4. Approve the Board of Directors' proposal to distribute 70% of the Company's capital as cash profits with the value of AED 63,000,000.
5. Discharge the Board of Directors and the external auditors of the liability for their work performed for the financial year terminating on December 31, 2016 (AD).
6. Approve the remuneration of the Board of Directors as proposed by the Board of Directors.
7. Appoint the Company's external auditors for year of 2017 and specify their fees.
8. Elect the members of the Board of Directors.



The Company has fulfilled its obligations in accordance with relevant regulations with regards to dividends distribution through Dubai Financial Market, and with regards to remuneration of the Board Members.



H) Since its establishment, the Company has committed itself to the development of the local communities where it operates. Hence, the Company complies with the UAE Labor Law and the laws, regulations, and circulars issued by the competent authorities for the purpose of employing the locals who are capable of assuming the responsibilities entrusted to them to contribute to the management of the Company. The Company does hereby continue to promote this policy permanently and the current percentage of





Emiratization within administrative positions (excluding the category of workers) has reached 1.5% at the end of 2017.

I) Similar to its historical practice, in 2017 the Company has continued to promoting the culture of initiatives through new innovative projects that will benefit the Company and the local economy. The Company has launched a solar power project to generate electricity through solar power in cooperation with the relevant authorities, where the plans and designs have been prepared for project implementation at the current production facility in DIP, and which will be completed in 2018.

After moving from its old landmark headquarter on Sheikh Zayed Road, 2017 was the first year in which the Company has fully relocated to its new headquarter at Dubai Investment Park (II). The Company completed the transfer and operation of all production lines to the new plant during the year 2017 in addition to dismantling and closing the old site completely.

It is worth noting that as of October 1<sup>st</sup>, 2017, the UAE government has introduced 50% excise taxes on certain products, including taxes on the carbonated soft drinks produced by the Company. The Taxes are applied pursuant to the GCC Standard Excise Tax Convention and National Tax laws promulgated in 2017, and Federal Law No. 7 of 2017.

While 2017 presented the Company with several challenges, the Company was able to achieve reasonable financial results given the significant impact of the excise tax in the fourth quarter. Moreover, the Company faced fierce competition along with a general slowdown of the market that has prevailed in the region in 2017. These challenges have been addressed through various initiatives including cost reduction programs as well as introducing new product categories to offset the impact of excise taxes.

**Mr. Ahmad Bin Eisa AlSerkal**  
Chairman of Board of Directors